

1 Q. Please state your name, business address and present position with PacifiCorp
2 (the Company).

3 A. My name is Mark Widmer, my business address is 825 N.E. Multnomah, Suite
4 800, Portland, Oregon 97232, and my present position is Manager, Regulation.

5 **Qualifications**

6 Q. Briefly describe your education and business experience.

7 A. I received an undergraduate degree in Business Administration from Oregon State
8 University. I have worked for PacifiCorp since 1980 and have held various
9 positions in the power supply and regulatory areas. I was promoted to my present
10 position March 2001.

11 Q. Please describe your current duties.

12 A. I am responsible for the coordination and preparation of net power cost and
13 related analyses used in retail price filings. In addition, I represent the Company
14 on power resource and other various issues with intervenor and regulatory groups
15 associated with the six state regulatory commissions to whose jurisdiction we are
16 subject.

17 **Purpose of Testimony**

18 Q. What is the purpose of your testimony?

19 A. I will describe the Company's Power Cost Adjustment (PCA) and present the
20 results of the adjustment from November 1, 2000 through October 31, 2001, that
21 the Company seeks to recover from customers through this filing.

22 **Power Cost Adjustment Mechanism**

23 Q. Please describe the Power Cost Adjustment.

1 A. The Power Cost Adjustment (PCA) is determined on a monthly basis and is equal
2 to the Actual Net Power Cost in dollars per MWh (ANPC) less the Base Net
3 Power Cost in dollars per MWh (BNPC) multiplied by the Idaho load deemed in
4 rates.

5 Q. Please explain how the BNPC is determined.

6 A. BNPC is intended to represent the level of power costs currently reflected in rates,
7 which is somewhat difficult to determine inasmuch as the last rate case in Idaho
8 in which the Company's net power costs were addressed was prior to the Utah
9 Power/Pacific Power merger. For this reason and based on conversations with the
10 Idaho Staff, it was decided that the last audited net power cost study for a semi-
11 annual filing would be appropriate for use in the deferral calculations. The last
12 audited net power cost study is for the 12-months ended December 31, 1998, and
13 included a Type III study, which incorporated known and measurable changes
14 through December 31, 1999. The BNPC is equal to the monthly net power cost,
15 which consists of purchased power, wheeling and fuel expenses less special sales
16 revenue, divided by the monthly net system load in rates. Exhibit No. 4 shows
17 the components and calculation of the BNPC.

18 Q. How is the monthly ANPC calculated?

19 A. The ANPC is calculated based on the Company's actual monthly net power cost
20 adjusted to exclude energy exchange contracts that only have nominal dollar
21 values for accounting purposes. The resulting adjusted actual monthly net power
22 cost is then divided by the actual monthly net system load to arrive at the ANPC.

1 Q. Have you prepared exhibits that detail the calculation of ANPC for the deferral
2 period?

3 A. Yes. Exhibits No. 5 and 6 show the actual monthly net power costs for November
4 2000 to December 2000, and the first 10 months of 2001, respectively.

5 Q. Please explain Exhibit No. 7.

6 A. Exhibit No. 7 shows the determination of the monthly power cost adjustment for
7 the period of November 1, 2000 through October 31, 2001. The amount of the
8 power cost adjustment is calculated as the product of Idaho load deemed in rates
9 multiplied by the difference between ANPC and BNPC. The cumulative balance
10 of the power cost adjustment for the period is \$37,381,713, prior to inclusion of
11 carrying charges.

12 Q. How is the Company accounting for the costs referenced in your testimony and in
13 Exhibit No. 7?

14 A. Pursuant to the Idaho Commission's approval of the Company's deferred
15 accounting request, the monthly values of the PCA are credited to Account 557,
16 thereby decreasing the recorded power supply expenses, and debiting Account
17 182.3. Deferred income taxes are recorded by debiting Account 410.10, and
18 crediting Account 283. The amortization of the balance in Account 182.3 would
19 be accomplished by crediting Account 182.3 and debiting Account 557. Deferred
20 income taxes would be amortized by debiting Account 283 and crediting Account
21 411.10.

22 Q. Is the Company proposing to accrue carrying charges on its accrued excess net
23 power costs?

1 A. Yes. The Commission order granting the Company's request to defer excess net
2 power costs allowed the Company to request carrying charges "in a future case."
3 The Company is therefore requesting as part of this filing that it be allowed to
4 accrue carryings charges on its deferred net power costs at the 6.0 percent interest
5 rate it pays for customer deposits. The Company believes this request is
6 reasonable because it prudently acquired resources for the benefit of its customers
7 at a significant cost, which to this time have been borne by the Company's
8 shareholders. This proposed treatment is consistent with the Commission's
9 actions for both Idaho Power and Avista, which have deferral accounts on which
10 they are allowed to collect interest at the same rate paid by the utility on customer
11 deposits (6 percent).

12
13 **PCA Deferrals November 30, 2000 through October 31, 2001**

14 Q. What is the amount of PCA deferrals for which the Company is seeking recovery
15 in this proceeding?

16 A. As shown on Row 70 of Exhibit No. 7, the Company's cumulative deferral
17 balance, including carrying charges, is \$38,279,851. This covers the period
18 November 30, 2000 through October 31, 2001.

19 Q. Does this conclude your direct testimony?

20 A. Yes.